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#### CURRENT INTELLIGENCE DIGEST

B/C.

Office of Current Intelligence

#### CENTRAL INTELLIGENCE AGENCY

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#### GENERAL

1. Berlin HICOG comments on latest Soviet note on Germany:
The High Commissioner's office in Berlin believes that
repetition of the basic Soviet line in the newest note on
a German peace treaty probably indicates that the USSR is
not dissatisfied with the effect of its unity campaign to
date. The Soviet Union is apparently prepared to carry on
the campaign slowly, trusting that pressure will be built
up in Germany to assist its call for four-power talks,
rather than laying all the cards on the table at once.

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Comment: While the signing of the contractual agreement with Germany is expected in May, some time will probably elapse before it is ratified, thus affording considerable opportunity for the USSR to make new bids for German support.

2. Communist Lawyers Commission will provide new impetus
to the BW propaganda campaign: The Vienna press reported
that the commission appointed by the Communist International
Association of Democratic Lawyers (IADL) to investigate charges
of bacteriological warfare in Korea and China will submit its
of bacteriological warfare in Korea and China will submit its
from 16 to 18 April.

Comment: This commission, consisting of leftist lawyers from France, Italy, England, Belgium, Austria, Brazil, Poland, and China, spent the month of March in Korea and China. They have already published a voluminous report detailing "conclusive evidence" purporting to prove the charges. Besides making a direct charge of genocide against the United States, the report is utilized to repeat Communist claims of alleged violations of the UN Charter made by the United Nations under United States pressure, such as the failure to observe stipulations which prohibit members from applying force against the terri-

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torial integrity of any state and preclude the United Nations from intervening in the domestic affairs of a country except under certain circumstances.

In addition to extending the BW propaganda campaign, measures taken at the Vienna meeting will probably be designed mainly to force the United Nations to pay official attention to the charges against the United States.

#### SOVIET UNION

3. First Secretary of the Georgian Communist Party removed:
At the 3 April plenary session of the Central Committee of
the Georgian Communist Party, First Secretary Charkviani was
removed and replaced by A. I. Mgeladze.

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The US Embassy in Moscow comments that Charkviani's dismissal from a post which he has held for over five years is probably related to the campaign against theft and corruption in that area. The Embassy believes that the presence at the session of Politburo member Beriya indicates the gravity of the situation.

Comment: In view of recent charges of embezzlement and theft of Socialist property in Georgia, it is probable that the Kremlin decided that Charkviani was not dealing satisfactorily with the alleged crime wave. His ouster indicates that the situation is still considered serious despite the drastic measures initiated last December. These measures probably accounted for the removal of Party Secretary Shaduri, the "impeachment and expulsion" of another Secretary of the Central Committee, the ouster of both the Georgian Minister of Justice and the Republic Prosecutor, and the removal of a considerable number of lesser officials including the Minister of Internal Affairs.

Although Beriya's appearance, as the Politburo member who has been responsible for the MVD and MGB, may indicate the existence of a serious situation and possibly herald even more extensive purges, similar crimes are prevalent in other parts of the USSR, and are hinted at in the provincial press. It may be, therefore, that the situation in Georgia is being spotlighted as an example to the rest of the Soviet Union and has been singled out because of the interest that Stalin and Beriya, both native Georgians, have in this area. Beriya had a long career there in the secret police and as first secretary of the

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party from 1921 to 1938, but he has not been known to have attended any Georgian party meetings since the war.

#### EASTERN EUROPE

1.	Projected Bulgarian currency reform reported:	
2	there	
· 1	are strong indications in Bulgaria that the lev will soon be recalled and replaced by a new issue. The exact date of the currency change is not known, but several serial blocks of	. 1
	Bulgarian currency have allegedly been withdrawn.	2
- 1		

Comment: Rumors of an impending Bulgarian monetary reform have been current for several months. Although unconfirmed, this is the first report that some issues of Bulgarian currency might already have been withdrawn from circulation.

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#### FAR EAST

Japan eliminating SCAP-established agencies: The Japanese Cabinet has approved a plan for streamlining the government 5 . which eliminates many agencies established by SCAP, including the Economic Stabilization Board, the Foreign Investment Council, the Public Utilities Commission and the Foreign Exchange Control Board. CINCFE comments that this reorganization will cause greater centralization of governmental powers, and that the alleged guiding principle was to abolish all SCAP-estab-25X1 lished agencies.

Comment: SCAP recommended the system of independent agencies in order to remove their functions from political control. The government's action is in accord with recent trends to return to the system of a strong, centralized government, which was in force prior to the Occupation.

Japan establishing unified defense structure under civilian control: The Japanese Cabinet has approved a plan 6. establishing a defense board, headed by civilians, which will control Japan's military and maritime forces. A combined training school for officers of both services was likewise approved. CINCFE comments that the proposed organization is unique for Japan because it provides for complete unification of the services under civilian control. 25X1

Comment: A decision to abandon earlier plans for the establishment of a Defense Ministry may have been motivated by fear of rearmament criticism in Japan and abroad. also indicates an attempt by the Yoshida Government to prevent the military from regaining power.

Japan concerned over recent restrictions on its trade: Concern is being expressed in Japan over restrictions on its 7. exports recently imposed by several sterling area nations and by the United States. These include Britain's embargo on Japanese textiles, trends in the United States toward checking imports of tuna and chinaware, and Australia's action in limiting Japanese textiles to 20 percent of 1951 exports. There are also indications that Pakistan and East African colonies may impose restrictions.

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Comment: Japan is feeling the effects of the crisis in the sterling area's payments position, which the British and commonwealth import restrictions are primarily designed to	25X1
These restrictions, coupled with a current trade recession in Japan, will increase pressures on the government to relax its policy on trade with Communist China, and subject the government to added criticism over its Western alignment.	
Results of French offensive against Indochinese nationalist guerrillas detailed:  States that the French offensive of early March against the Indochinese nationalist guerrilla force of Coloral The resulted in the state of the	25X1
Indochinese nationalist guerrilla force of Colonel Trinh Minh The resulted in the temporary dispersal of The's forces. Viet Minh and the French, and intends to contact the Cambodian dissidents, Son Ngoc Thanh and Chantarangsi.	05.74
Comment: The estimate that The's forces were dispersed but not defeated checks with French reports and with the fact that The's radio broadcasts, denouncing both the French and the Viet Minh, ceased at the time of the French offensive and resumed shortly thereafter.	25X1
Insecurity increasing in southeast Borneo:  recently returned from Borneo, considers that in the Balikpapan area are indications of increasing insecurity small bands terrorizing villages along the entire east coast.	25X1
Comment: An Indonesian broadcast of 27 March announced that the Borneo south coast had been placed under military control in accordance with the provisions of the Ordinance of War and Seige.	
Widespread lawlessness continues to be Indonesia's primary problem; government security forces are heavily occupied in East and Central Java, the Celebes, and the South Moluccas as well as in Borneo.	

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10. 25X1C	Indonesian Government to order release of Sumatran  Communists:  April the government will order the release of an unspeci- fied number of important Communists, arrested in North  Sumatra during the August 1951 security sweep, because there is insufficient evidence to prosecute them.  25X1	
	Comment: Large numbers of persons who were arrested in the August 1951 security sweep have already been released for lack of evidence, and a few have been tried and sentenced to brief prison terms. Although the remainder presumably will be dealt with eventually, there have been no reliable indications of either a quick release or an early trial.	
	There has been no further information on the Attorney General's advice to the government in late September that it should invoke a former Dutch law providing for the long-term detention of political prisoners.  SOUTH ASIA	1
11. 25X1C	Indian Communist strength in Tripura State:  the Communists in Tripura State, an east Indian Communist stronghold near the Burma border, attribute their success in the recent national elections to the fact that they stationed 600 to 700 "red guards" at every polling booth. The hill tribes of Hajongs, Manipuris, Chakmas, Kukis, and Garos, as well as the Moslems in the state, voted "en bloc" for Communist Party candidates.	25X1C
25X1C	now can mobilize 70,000 "volunteers" on short notice. They include 8,000 to 10,000 members of a Peace Brigade largely recruited from the tribal areas, 50,000 tribal women organized into a Communist Party Women's Organization, and the members of a Society for Mass-Education, which maintains about 100 small Communist-line schools in the tribal districts.	El
	A Moslem Communist leader from Tripura has gone to Calcutta to discuss means of exploiting Communist strength in the state.  25X1A  SECRET	25X1A

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Comment: Tripura Communists won twelve election contests, while Prime Minister Nehru's Congress Party won only nine. Communist success was achieved despite the facts that Tripura State is administered directly from New Delhi and that India's most capable anti-Communist police officer was assigned to the state in September 1951. The claim that Tripura Communists control 70,000 "volunteers" cannot be evaluated until figures indicating the size of the Communist vote become available.

The United States position on the Tunisian question has been attacked by the press in both India and Pakistan. In India, the sincerity of the American claim to be the champion of freedom is questioned. Pakistan's most influential paper quotes from a speech made by Foreign Minister Zafrullah Khan that "those who talk loudest of liberty are the least concerned about its practical establishment."

25X1

#### NEAR EAST - AFRICA

Communist propaganda increasing in Iraq: Communist propaganda appearing in books and in the press in Iraq is showing a marked increase in volume. It appears to follow the Moscow line more closely than usual and is reportedly prepared in Prague and sent to Iraq via Egypt, where it is translated into Arabic. Some of the material is printed by Iraqi presses.

Efforts of the Iraqi police to stop this type of Communist activity have been unsuccessful because court convictions can be obtained only if the propaganda attacks the government or raises issues which would directly contribute to the country's instability.

Most of the Communist activity in Iraq is currently directed by a six-man group of the Iraqi Lawyers' Association. The Communist Party is reportedly concentrating on students and intellectuals.

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14. France would approve a more active role for Spain in Tangier: The French Foreign Office would be willing to consider broadening Spain's role in the government of the International Zone of Tangier, but would oppose an international conference in which the USSR would participate. French officials,

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although annoyed at the ineptness of the recent Spanish action, believe that the French-British agreement of 1945, which established the present provisional administration, could be modified to satisfy some of Spain's demands.

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Comment: The participants in the present Tangier administrationfear that Spain's note of 7 April, demanding a return to the 1923 Tangier Statute, will form the basis of a Soviet request to share in the government of the zone. Such Soviet participation was provided for in the bilateral agreement of Most countries involved, however, now agree in principle that Spain, deprived of its dominant position in 1945, should be allowed greater participation.

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#### WESTERN EUROPE

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The representative added that if assurances were given in London that Trieste would really be returned to Italy there would be no more trouble.

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Comment: It is a well-established fact that most of the inspiration for the outbreak of Italian nationalism during the Trieste demonstrations in late March came from elements of the "far right."

The MSI in Trieste doubtless hopes to capture support from other Italian groups by following a militant irredentist policy. The repercussions of this tactic on the policies and strength of the more moderate pro-Italian groups may be significant. With the approach of communal elections, the party which best epitomizes the cause of Italian nationalism stands to reap the benefits accruing from the current tense situation.

Election manifesto of the pro-Cominform party in Trieste conforms to previous party line: The Central Committee of the pro-Cominform Communist party in Trieste has published an election program opposing a barter between Italy and Yugoslavia over Trieste and calling for a continuation of the struggle for the realization of the Italian Peace Treaty, unification of both zones under international rule, and withdrawal of all foreign

25X1 zones ui troops.

Comment: This election manifesto, designed to capture and retain the support of those local elements favoring independence for Trieste, stands in sharp contrast to party leader Vidali's election pronouncements in southern Italy last month favoring a return of the Territory to Italy. According to recent reliable reports, an internal party crisis has developed over the planned abandonment of the independentist line for one favoring the return of the Territory to Italy. The reaffirmation of the previous party line suggests that

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internal party opposition to a shift in policy, especially among those economic and ethnic groups who fear a return of Italian discrimination, has dictated a policy of compromise.

Benelux unable to agree on controls over East-West trade:
Belgium is trying to persuade the Netherlands to join it in
establishing physical controls over transit trade. The Dutch
apparently are still insisting on financial controls first.
Belgium's proposed system, which will be put into effect even
if the Dutch refuse to participate, will center around the
licensing mechanism to control the movement of "sensitive"
commodities, particularly nonferrous metals.

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Comment: A joint Belgian-Dutch attempt to impose physical controls over transshipments has been under discussion since January. The Netherlands, however, has refused to consider imposing physical controls unless Britain first institutes financial controls.

Action planned against Communists in Dutch municipal services: The Dutch municipalities are expected soon to follow the lead of the Netherlands Government in making membership in the Dutch Communist Party and certain front organizations grounds for dismissal. The Chief Engineer of the Amsterdam Electricity Works will be among the first to resign from the Communist Party, but he will continue his allegiance to the party.

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25X1A

Comment: The Dutch Government passed its ban against Communists in government service last December, but has not actively implemented the measure. The course that the Chief Engineer is expected to follow, should the municipalities act, is typical of the Communist reaction to be anticipated.

Rome Embassy officials stress need for more off-shore contracts in Italy: The American Embassy in Rome states that speedy negotiation under the off-shore procurement program of large-scale contracts for ship construction in Italy for fiscal year 1953 would alleviate serious unemployment and reduce Communist influence over shipyard labor. It stresses the influence these contracts would have in key industrial cities on the 1953 Italian national elections.

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Comment: Thus far, the scale of the off-shore procurement program has disappointed Italians. There have been repeated strikes against lay-offs in big shippards such as Ansaldo in Genoa. Placing of large-scale contracts for ship construction would counteract hostile Communist propaganda and strengthen the Italian economy.

The implementation of the off-shore program might also counterbalance Moscow Economic Conference propaganda in favor of greater trade between Italy and the Orbit.

20. Italian Communist press continues to print BW charges against United States: The American Embassy in Rome reports that the Italian Communist press is continuing an intensive propaganda campaign, charging the United States with the use of biological warfare in Korea. This campaign may be designed in part, the Embassy observes, to draw public attention away from the investigation of the Katyn massacre.

The intensity of the campaign has disturbed the Italian Government, which is trying to counter the propaganda. The independent Rome newspaper, Momento, last week published a report by the commander of the Italian Red Cross Hospital in Korea, branding the Communist charges entirely false. The Rome Daily American has also given full coverage to this story.

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Comment: This is the first evidence that the Italian Government is undertaking countermeasures against the Communist charges. With the exception of the Communist press, no Italian newspapers have given credence to this anti-American propaganda.

Italian Parliament delays bill to outlaw neo-Fascist party:
The American Embassy in Rome believes that full parliamentary consideration of the bill designed to outlaw the neo-Fascist Italian Social Movement (MSI) will probably be delayed until after the municipal elections in southern Italy on 25 May. The bill has received committee approval in the Chamber of Deputies.

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The Embassy does not know whether the Italian Government really intends to outlaw the MSI, and believes this decision may depend upon election results.

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Comment: Some right-wing Christian Democratic leaders, alarmed by the possibility of defeat for their party in the

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present three-way electoral battle involving the Communists, Christian Democrats, and extreme rightists, argue that their party must ally itself with the MSI and other extreme rightist groups in order to prevent Communist victories. They would prefer to block, or at least to delay until after the May election, any legislative action against the MSI, which is especially strong in southern Italy.

Italian ratification of Schuman Plan faces further delay:

Italian Foreign Office officials believe that the likelihood of extended discussion of the Schuman Plan makes final parliamentary ratification of the treaty improbable before June. The Chamber of Deputies may, however, possibly approve the treaty before the local elections on 25 May.

The treaty, recently approved by the Italian Senate, has now reached various committees of the Chamber of Deputies. One of these has already approved it, and the other committees, including those for Foreign Relations and Industry, will continue their examination after the Chamber reconvenes on 22 April.

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Comment: Certain influential industrial groups in Italy, some of them financial supporters of the Christian Democratic Party, have opposed and will continue to oppose Italian participation in the Schuman Plan as advocated by Premier de Gasperi. Even after final parliamentary approval of the plan, these groups may be expected to balk at implementing its provisions.

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#### LATIN AMERICA

New Bolivian Government to nationalize mines and railroads:
The Acting President and the Minister of Mines and Petroleum of the new Bolivian Government established by the Nationalist Revolutionary Movement have stated that the mines and railroads will be nationalized. This was confirmed in Buenos Aires by Victor Paz Estenssoro, the Movement's leader, who has not yet returned to Bolivia.

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Conservative members of the Movement "take a dim view of the future" and feel certain that the government will be anti-US and little more than "an Argentine province."

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Comment: The new government is almost certain to demand higher prices for tin.

Several members of the new cabinet are known to be pro-Argentine and others have received financial aid while exiled in Argentina. Paz Estenssoro's reportedly cool attitude toward Argentina will probably be mollified by the relief and medical aid now being sent to Bolivia by the Eva Peron Foundation.

25. Chief of Staff of Brazilian Armed Forces may discuss agreement with Argentina: The Brazilian newspaper A Noite reports that General Goes Monteiro, Chief of Staff of the Brazilian Armed Forces, is making a trip to Argentina to lay the groundwork for an agreement designed to defend the South Atlantic in the event of war. The paper adds that he may also discuss the general basis for an economic pact and study the inclusion of clauses of a military and political nature.

General Goes has told the press that his trip is merely a courtesy visit.

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Comment: Argentina and Brazil have announced plans for a new commercial agreement, but there has been no previous indication of possible political or military discussions. Since trade between the two countries is mutually important, a new agreement may be signed in the near future, despite Argentine inability to export significant amounts until the end of the year harvest. There are indications that Brazil is considering the extension of a large credit to Argentina, despite the unpopularity of such a move in Brazil.

A separate military defense pact and political understanding with Brazil would probably be well received in Argentina. It is unlikely that Brazil would be interested in such military or political arrangements.

26.	Possible revolutionary attempt in Ecuador: A revolution is being planned by presidential candidate Velasco Ibarra and	
25X1C	Mayor Guevara Moreno of Guayaquil, Government officials have reportedly	25X1C
23/10	discussed plans for counteracting the movement and creating a pretext for the arrest of Velasco.	
	The US Embassy in Quito comments that the violence in Cuenca on 12 April when Velasco supporters clashed with proponents of another presidential candidate may be the forerunner of more	05.

Comment: There have been reports that at least one dead and 31 wounded resulted from the clash in Cuenca on 12 April.

Velasco, apparently decided to return to Ecuador from his exile in Argentina after conversations with emissaries of the neo-fascist revolutionary Guevara Moreno.

serious disturbances.

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There have been reports of plans for a preventive coup by the Defense Minister. This, however, would run directly counter to President Galo Plaza's known desire to preserve democratic processes at all costs.

27. Sovereignty over Navassa now poses chief problem in US-Haiti relations: There are growing indications that the chief problem of Haitian-American relations will be the question of sovereignty over the small island of Navassa off the west coast

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of Haiti. Ambassador Leger has stated that the problem is paramount in the mind of President Magloire, who hopes to visit the US soon to seek a settlement in Haiti's favor.

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Comment: The US Embassy has reported that the relinquishment of Navassa to Haiti might seemingly have certain beneficial political effects and redound internationally to American credit as evidence of a "non-imperialist" policy. It has pointed out, however, that such an act might lead other Caribbean nations having American-claimed islands off their shores to seek a similar settlement, and might result in Haiti's demanding large-scale damages for the loss of revenue (resulting from the removal of guano deposits) occasioned by the "illegal American occupation."

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TOP SECRET SUPPLEMENT

TO THE CURRENT INTELLIGENCE DIGEST

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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#### GENERAL

1. West German officials minimize importance of Soviet reply:
According to High Commissioner McCloy, Chancellor Adenauer
feels that the Soviet note of 9 April represents no essential
change from previous Soviet proposals. An official of the
Ministry of All-German Affairs believes that the statement
will have even less impact in the Federal Republic than the
note of 10 March.

Adenauer contends that before a four-power conference is held Moscow must make at least an "approach to agreement" on the full sovereign right of Germany to form alliances, on German defense forces, and on frontiers.

The Ministry representative believes that Moscow is still probing, not feeling pressed for time. He considers that the Russians are undoubtedly prepared to develop their idea of four-power inspection of electoral conditions. He argues that ultimately a four-power conference will have to take place to convince the West Germans of the impossibility of unification, but only after Western "fencing" with the Russians through a further exchange of notes. The Ministry official believes that West German negotiations on integration should be pressed with-out delay.

#### FAR EAST

Zeron attitude at negotiations irritates Japanese:

Japanese Foreign Office officials believe, according to acting
US Political Adviser Bond, that if the Korean delegates in the
current Japanese-Korean negotiations insist on their "all or
nothing" attitude, the present deadlock is certain to continue.
The Japanese have been irritated by Korean leaks to the press,

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Comment: The negotiations for the forseeable future promise to be characterized by mutual suspicion and distrust.

The Japanese negotiators' claims to private property in Korea, a major issue in deadlocking negotiations, appear contrary to the provisions of the San Francisco peace treaty. The Japanese, however, believe Korean claims to property in Japan are extreme and probably are working for a mutual cancellation.

#### NEAR EAST-AFRICA

Papagos agrees to formation of interim government in Greece: Greek opposition leader Papagos has agreed to the formation of a short-term "technical government" to carry out urgently needed economic reforms. He refuses to participate in a vote of confidence in such a government, however, apparently believing that to do so would enable it to remain in power indefinitely. He suggests that new elections be held on 15 July.

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Papagos has agreed to such a solution but insists that he must pass on the Ministers of Defense, Interior and Justice.

Comment: The weak government coalition has already lasted longer than was generally thought possible at its inception in September 1951; the present proposal is one of several made recently as the pressure for its dissolution has increased.

While the idea of an interim government may appeal to Papagos as a means of extricating himself from the predicament created by his party's boycott of parliament, he is unlikely to cooperate with any government whose Ministers he can not approve.

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